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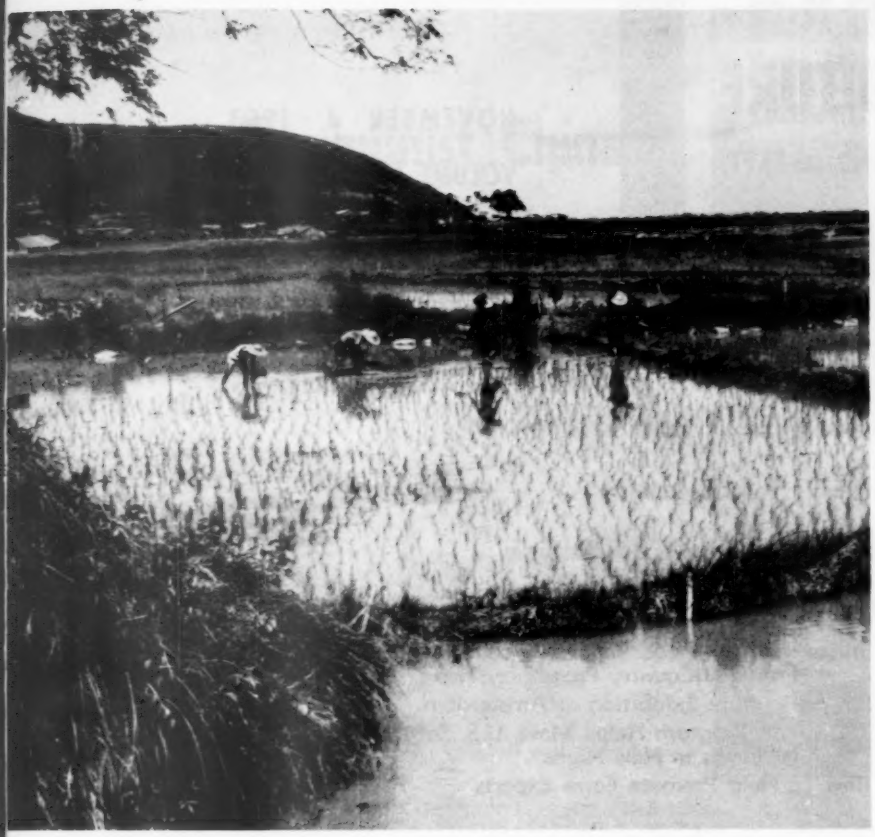

NOVEMBER 4, 1963

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COMMUNIST CHINA'S FOOD PROSPECTS FOR 1963

INDONESIA'S CHANGING TOBACCO INDUSTRY

TALLOW OUTLOOK

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
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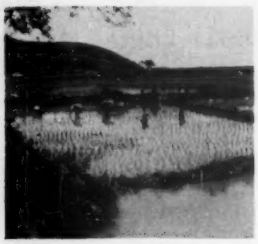

Setting out rice seedlings by hand in South China. This year South China's early rice crop is down sharply because of drought at planting in February and March. (Story on opposite page.)

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Orville L. Freeman, Secretary of Agriculture

Roland R. Renne, Assistant Secretary for International Affairs

Raymond A. Ioanes, Administrator, Foreign Agricultural Service

Editor: Alice Fray Nelson **Associate Editor:** Ruth A. Oviatt

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DEPOSITED
UNITED STATES OF AMERICA

Communist China's Food Situation

—retrospect and prospect

By MARION R. LARSEN
Regional Analysis Division
Economic Research Service

Agricultural production in Mainland China is failing to keep pace with population growth. In 1963, prospects for the harvest indicate that food production will be little if any larger than in 1957—year before the disastrous Great Leap Forward—though there are now from 40 million to 60 million more people to feed. Like 1962, 1963 seems to be a year of recuperation rather than of expansion.

The enthusiasm with which the Chinese Communist regime this spring announced the outlook for bumper crops in 1963 had dampened considerably by early fall. Throughout the growing season, the official press has been saying less and less about the bountiful harvest to come, and more and more about unusual weather conditions. By mid-September, with fall-harvested crops developing and the summer crops in, prospects for 1963 began to emerge.

The crop picture in brief

Already apparent is that even for China, where floods and droughts are common during a year of comparatively normal weather, this crop year has been one of unusual and disrupting weather extremes. The net effect on the total picture for agriculture is difficult to assess with the fall crops yet to be harvested. But by September, it was clear that production of the summer-harvested grain crop (mainly winter wheat and early rice), accounting for about a fourth of total grain, was less than last year's poor harvest; that the outlook for the intermediate and late rice crops is only fair; and that the output of miscellaneous grains probably will not offset early grain losses. In total food output, 1963 is likely to be much like 1962—somewhat increased over the 3 near-disaster years of 1959-61, but substantially below the good crop year of 1958.

With little change from last year in the supply of food per person, China's grain imports—which began in 1961 with 5.6 million tons and continued in 1962 with 4.7 million—are expected to exceed 6 million in 1963. These imports will only partly ease the food situation.

What happened to the weather

It is almost impossible to judge weather effects for all of Mainland China, with its tremendous land mass and its complex climatic and agricultural patterns.

Apparently, however, usual climatic patterns in many areas have been disturbed by extremes in temperature and precipitation ever since the fall of 1962.

Severe cold spells occurred throughout much of the Mainland in January 1963. Their effects were most noticeable in semitropical South China, in the winter-cropping area of Central China, and in the winter wheat belt of North China. Again in April 1963, unseasonal low temperatures occurred in about the same areas, with frost at higher altitudes and in the north.

Also, throughout much of China's agricultural area this crop year, the weather has been either too dry or too wet. During the summer and fall of 1962, the greater part of North China had near-normal rainfall for winter wheat planting; but the large area north and northwest of Peking, which customarily has drought, had a worse one than usual. This dry spell persisted until early August 1963, when torrential rains fell.

A good part of the Mainland (except for Southwest China, where the leading grain Province, Szechwan, has had near-normal weather all crop year) got subnormal precipitation from early December into February, broken by rains in the Yangtze Valley and snow in North China. In much of rice-growing South China, the weather was unusually dry from September 1962 through most of the summer of 1963.

The length of this South China drought was partly due to an extraordinary weather pattern that developed during the early spring, with far-reaching effects over much of the country. The Siberian winter high-pressure system over Central and North China broke up earlier than usual, with the result that warm moist air from the South China Sea—the early monsoon—swept northward prematurely, to hang stationary over the Yangtze Valley.

Deserted by the monsoon, South China lay all spring in the grip of a drought that was only partly broken by heavy rains in July and August. Over Central and Eastern China, however, the misplaced monsoon combined with unusual movements of air southeast from Mongolia to cause even more rain than usual, with flooding and waterlogging all along the Yangtze. This large weather system changed abruptly in August; by mid-September large areas in Central and East China were suffering from dry soil.

The summer harvest

Grain crops harvested in June and July, which represent about 25 percent of China's total grains (excluding potatoes), are considerably below average and somewhat below the poor crop of 1962. This harvest is composed about equally of winter wheat and early rice.

The *early rice* crop, generally planted in February and March and harvested in June and July, was hit hard both by drought and by wet weather. Accounting for about a fourth of total rice production, it is grown south of the 33d parallel, and the south-coast Provinces of Kwangtung and Fukien are the most important producers. Many of the paddy fields farthest south were too dry to plant at all, and later on large areas were lost from lack of water. And drought-stricken South China had torrential rains during the harvest period in several important early rice areas.

Farther north, wet weather with coolness and cloudiness at transplanting time in April was reported to have caused rotting of rice seedlings. There was flooding along the Yangtze River, and the unusually wet conditions in Central and East China brought on disease and insects.

Winter wheat, which accounts for almost 90 percent of the wheat grown in Mainland China, is produced chiefly in the great plains area of North China; Shantung and Honan are the largest producers. This crop had ideal weather and moisture at planting and a winter kill probably no worse than average. It escaped the worst effects of the other weather extremes, and yields appeared slightly larger than last year; but despite last fall's claims of a larger acreage, total winter wheat area was cut back for the second year in a row—apparently to increase the acreage of cotton (and possibly of rice) south of the Yangtze. Thus, production in 1963 has been estimated as only slightly larger than in 1962.

Miscellaneous crops in the summer harvest were touched by the January cold wave, but losses from winter kill and heavy spring rains were probably no greater than average. However, substantial frost damage hit the important sweetpotato area of South China, causing shortages of badly needed food during the winter and reducing the fodder supply for pigs. Private crops probably fared best.

The late maturing crops

Between the harvests of early and late rice comes the *intermediate rice crop,* concentrated in the Yangtze Basin and nearby Szechwan, Yunnan, and Kwangsi. It is the largest rice crop on the Mainland, accounting for roughly 40 percent of total production.

As in 1962, there was an attempt to shift into intermediate rice some cropland in the early-rice area not utilized because of drought. Weather may have frustrated this increase; in some East China areas flooding interrupted the transplanting, and April's cool cloudy weather caused rotting in some seedbeds. But increased yields may mean a total crop equal to or better than the 1962 crop.

After the poor summer harvest, efforts were made to increase *late-rice* area too; but much of this crop is grown in South China, which did not recover from the spring drought until well into the late planting season. The heavy storms that relieved the drought may have harmed this late crop; there is also the danger of damage from cold. From current weather prospects, the late rice crop very likely will not equal that of 1962.

Other late-maturing food crops—spring wheat, miscellaneous grains (corn, millet, kaoliang, barley), Irish and sweetpotatoes—are the largest unknown quantity in China's food basket.

When spring wheat was planted, ground in the west was dry; but in the east, growing conditions were favorable, so yields may be higher. Weather generally favored the miscellaneous grains, except in the northern dry areas and during the torrential August rains over much of North China. In the heartland of the summer-grown grains—Central and East China—a dry spell now developing may mean trouble; but unless all these recent weather extremes have substantial effects, these crops together with potatoes may exceed the 1962 level—always assuming favorable weather from now throughout the growing season.

Agriculture—past and future

The best the Chinese Communist regime could salvage from the agonizing disappointments of its Second 5-Year Plan (1958-62) was a slight improvement in agriculture in 1962. This was not enough to offset the disasters of the Great Leap Forward, which upset the balance of one of the most intricate traditional farming communities that ever existed; nor did it provide the capital benefits that had been counted on from agriculture under the Second 5-Year Plan. The level of the economy, which depends on agriculture for about half its gross national product, is now not much higher than in 1957.

Mainland China entered its Third 5-Year Plan with a

(Continued on page 16)

Left, green leaf not suitable for flue-curing is bought in open market for cut tobacco. Below, green cut leaf spread out in the sun dries in 2 to 3 days.

Indonesia's Tobacco Industry —and how it has been changing

By CARL O. WINBERG
U.S. Agricultural Attaché, Indonesia

Before the war, the islands that today make up Indonesia sent about 200 million pounds of cigar leaf annually to Europe, and depended on this as an important source of foreign exchange. Today, Indonesia ships out only about one-fourth of this quantity. Production is down too but not nearly so much as exports. In the intervening years, domestic consumption has grown, stimulating, for one thing, the flue-cured industry.

This year for the first time, flue-cured from Indonesia will be offered for sale in world markets. It is not a top-quality flue-cured, but strong domestic demand for factory-made cigarettes has helped push production nearly twenty-fold in the past decade—to more than 60 million pounds last year.

At the same time, this increase in production plus lack of foreign exchange have drastically cut imports. Nearly all of what is imported comes in under Public Law 480.

In the past decade too, a fire-cured industry has grown up in Indonesia, also supplying tobacco for domestically made cigarettes. So far, this tobacco is not exported.

Still important is Krossok tobacco, a long-time favorite both domestically and abroad. This is a dark native leaf that has always made up large percentages of Indonesia's tobacco shipments.

To tobacco experts, perhaps the most striking change in Indonesia's tobacco situation has to do with its Deli wrapper. This, once the world's foremost cigar wrapper, is now produced at only a tenth of pre-World War II levels.

Flue-cured

Indonesia has been producing flue-cured tobacco for years, but since 1951 production has risen rapidly, from only 3 million pounds to 32 million in the 1955-59 period and to 60 million in both 1961 and 1962. Flue-cured is now fast overtaking Krossok, still the most prominent type, and this year the government plans to dispose of about 2 million pounds on the Bremen auction market. Land devoted to flue-cured now accounts for 135,000 acres —most in eastern and central Java—out of a total of half-million tobacco acreage.

Indochina's fllue-cured comes from U.S. Virginia-type seed, but is usually considered inferior to the U.S. product in aroma, and in grade is fair to good.

Till now consumed domestically, flue-cured has soared in popularity with the increase of factory-made "white" or Virginia-type cigarettes. Out of the 125 million or so pounds of tobacco that Indonesians consume annually, about half goes into "Virginia" cigarettes. Domestic use of cigarettes has risen rapidly also, from about 60 million pounds of tobacco in 1950 to 100 million today.

Krossock and Cut tobacco

Historically always important, this native-type tobacco still accounts for 22 million pounds of the country's exports, or about half. This comes from a production of 70 million to 80 million tons. Overseas, Krossok goes mainly to the Inodesian Government auctions in West Germany, and Cut—a shredded type of Krossok—to oriental markets in Penang and Singapore, although the recent dispute between Indonesia and Malaysia may change this. Considered a good quality of dark air-cured tobacco and attractively priced, Krossok is used mainly for cigar filler overseas.

For generations this has been the tobacco which in large quantities never entered commercial channels at all. Often

Left, before loading tobacco into barns the best leaf is selected for flue-curing, the rest for cut tobacco. Above, Indonesian farmer carries his dried Virginia leaf to local dealers' market.

it is the leaf rejected in the field by dealers, kept at home and air-cured by the farmer and his wife. Domestically, Krossok also is made into native types of spiced cigarettes, either "clove" or "Kretek." These traditional types have barely been holding their own numerically for the past 10 years, however, in comparison with the rapid rise of Virginia cigarettes.

Deli wrapper

Historically the most famous of Indonesia's tobaccos for its exceedingly high quality, "Deli" cigar wrapper was produced and exported at a rate of around 40 million pounds before the war. Production was always limited to a relatively small area on Sumatra around Medan, and the leaf has never been produced in commercial quantities anywhere else. Both climate and soil were involved. Nevertheless, exportation of the seeds was expressly forbidden by the Dutch Government.

One crop was harvested each year on estates containing an average of 7,500 acres, and the same land was used for tobacco only once in 8 years or more. Price of Deli was very high on the Dutch auction markets, where a closed-bid system brought high initial offers against unknown counter-offers.

Today, by contrast, Deli production and exports total only about 4 million to 5 million pounds, although this still earns about $15 million in foreign exchange yearly.

Deli's role was drastically altered first by World War II, which cut it off from international markets. Later, markets were slow to revive, and the islands' political and economic instability led to a steady decline in production. With nationalization, in 1957, of all Dutch tobacco estates, 25 of the 26 in the wrapper area came under the P.P.N., a government organization.

Fire-cured

Fire-cured tobacco, first produced in Indonesia within the last decade, has not yet become a factor in export trade. The leaf is used for stronger types of cigarettes. Estimated production is now 4 million to 6 million pounds, coming from 7 million to 12 million acres.

Imports

In the early 1950's, Indonesia was a significant importer of flue-cured tobacco. In the peak year of 1956 it was the leading leaf importer of Asia, taking nearly 32 million pounds of foreign unmanufactured tobacco. Following 1958, when the Dutch left, foreign exchange difficulties caused imports to drop to a new low for the decade by 1960, of about 1 million pounds. Since that time, exchange has continued to be a main stumbling-block in the way of imports.

For the past 5 years, U.S. leaf imports have dominated the picture, constituting at least 90 percent of the total. Today this consists of Virginia-type flue-cured and a small quantity of dark fire-cured, moving under Title I, P.L. 480. Without this financing, it is doubtful that any unmanufactured tobacco would be imported from the United States, because use of limited foreign exchange earnings for purchase of other imports is considered more important to the economy.

Under favorable conditions, more U.S. tobacco could well be used in Indonesia for blending. About half the tobacco Indonesians now consume annually consists of factory-made cigarettes, and output of cigarettes containing U.S. tobacco has about doubled since 1954.

Note: This article is based in part on an on-the-spot study made this year by Orman E. Street, University of Maryland.

Indonesia Bans Exports to Malaysia

By CARL O. WINBERG
U.S. Agricultural Attaché, Djakarta

Under its policy of putting economic pressure on the newly established Malaysia, the Indonesian Government on September 21 broke off trade with Singapore and Penang. This cessation of legal trade will no doubt result in serious disruption in the export of Indonesia's agricultural products and could adversely affect the country's production pattern. However, Indonesia has long wanted to cut out the middleman and reprocessor in Singapore, and this economic confrontation has given the government an opportunity to obtain this goal, even though the immediate consequences may be serious.

Traditionally Indonesia has produced certain agricultural products which first went to the Netherlands or to Singapore for regrading, sorting, repackaging, and reprocessing. Later, when the Netherlands ceased to be an outlet, it substituted the auction markets of Western Europe, shipping to these as well as to Singapore on a fair average quality or "as is" basis.

As a general rule, Singapore paid higher prices than the European markets as the additional handling could be done far more economically there. Also, Singapore merchants were familiar with Indonesia's products and had the markets for them, though often they did not pay until after the products had been rehandled. The European markets paid very low prices for these commodities and frequently purchased at auction at a price which would enable them to resell in the Netherlands at a very low price.

Indonesia has also suffered from a general decline in the quality of its agricultural exports. Other countries producing similar crops have been more quality-conscious and to some extent have taken the international market away from Indonesia. Thailand, for example, has proved a competitor for cassava and kapok; Sarawak, India, and Brazil for pepper; India and Ceylon for tea; several countries for copra, spices, chinchona, and coffee; and many, of course, for sugar.

Singapore-Penang has been an outlet for approximately one-half of Indonesia's copra exports and all its naval stores, sago flour, peanuts, and cut tobacco. A large share of its black pepper exports as well as a significant part of its tea, tea dust, and coffee have gone there too. With this market closed and the possibility that trade with Australia and the United Kingdom will also be interrupted, these commodities will have to be diverted to other markets, probably at lower prices, or else consumed or stockpiled in Indonesia, earning no foreign exchange.

Copra will be the most important agricultural commodity (excluding rubber) affected by this trade break with Malaysia, for until new markets are found and shipping made available, it will probably stockpile in Indonesia. This could lower the domestic price and make more copra available for crushing on Java where there is a chronic shortage. If sufficient copra is diverted to Java, the need for U.S. soybean oil would diminish, but then so would the country's foreign earnings from copra exports.

Indonesian copra is priced out of the U.S. market by the Philippines (17 percent lower under reciprocal trade agreements); and the recent marketing agreement between the Philippines and Indonesia is not expected to be of too much help. Loss of the British market would mean a further export-cut, so that Indonesia must turn to either the Sino-Soviet Bloc countries or Western Europe.

Next to copra, *black pepper* is expected to be the commodity most disturbed by this trade embargo, since over half Indonesia's output, plus some illegal exports, goes to Singapore for extensive processing operations. Subtract the British market and some 90 percent of the country's black pepper exports are affected. The Bloc countries under clearing arrangements could possibly increase their imports; however, countries buying pepper "as is" will pay only minimum prices, and low prices could reduce long-range production and encourage competitors.

A new market must also be found for the *white pepper* shipped to Singapore, though Indonesia is not so dependent on this market for its white pepper as it is for its black. With a build-up of white pepper stocks, the price will probably drop, less pepper will be prepared, and some will be diverted to other traditional pepper markets.

Naval stores will be hard hit as Singapore purchases and processes the larger part of these. Stocks are expected to accumulate and production decline, leaving workers in Indonesia's forest areas without a livelihood.

All exports of *sago flour* were destined for Singapore. Perhaps more of this product will be consumed locally, but the industry, situated in the western part of Indonesia, will suffer and no foreign exchange will be earned. The same is true for *peanuts* and *peanut oil,* though these could readily be used up at home.

Less than 3 percent of Indonesia's *tea* exports are destined for Singapore-Penang, so that Indonesia will not be hurt by dislocation. This tea could be diverted to the European tea auctions in West Germany. The story is different for its shipments to the United Kingdom and Australia. These account for a half of Indonesia's tea exports, and displacement could create a difficult problem. Production would probably have to be cut back.

For *tea dust* Singapore and Penang are important outlets, and so is the United Kingdom. Between them they take from 5,700 to 9,000 tons annually of this product. Again, some of this can be absorbed by the European tea auctions but prices would probably be very low.

Coffee and *cut tobacco* do not present serious problems. Though slightly over 10 percent of Indonesia's coffee goes to Singapore-Penang, this amount could easily be shipped elsewhere. The country's tobacco could be used domestically, but in the absence of a buyer outside Indonesia, there would be a decline in foreign earnings.

Tallow Industry Head Reports Encouraging Results From 20-Country Promotion Trip

A tallow-based detergent being developed in Italy may offer recovery by the U.S. tallow industry of the big international market it has lost in recent years to synthetic detergents, according to John H. Haugh, President of the National Renderers' Association. Investigating the potential for this new detergent was one object of Mr. Haugh's recent 10-week market development trip to 20 countries.

An Italian chemical firm, developer of the detergent, has reported that the product is "biodegradable" (won't contaminate water supplies), costs less, and cleans better than many synthetic detergents.

"If this detergent proves effective, not only will the U.S. tallow industry be in a position to regain part of its former tallow-in-soap market in Europe, but it could also mean noticeable sales gains at home," Mr. Haugh said. "We should know fairly soon whether this will actually be a windfall for U.S. tallow exports."

Mr. Haugh pointed out that synthetic detergents have seriously cut into the U.S. tallow-in-soap market in Europe—where sales have dipped by 17 percent since 1960. Tallow lost much ground to synthetics in the United States as well.

Now, however, with concern mounting in the United States and abroad over water pollution by detergents, both the USDA and the U.S. soap industry have been working to develop low-cost soft detergents. At least two manufacturers now have soft detergents based on petroleum on the market—the Italian detergent could be a good competitor.

In many countries, Mr. Haugh found encouraging prospects for expanding U.S. tallow sales, in both feed and soap. "By capitalizing on existing opportunities," he said, "intensive market promotion could bring a 10-percent increase in U.S. tallow exports."

Mr. Haugh said that Asia offered new sales possibilities for U.S. tallow. Indian soap manufacturers showed considerable interest in the modern "cold soap" process which yields 6-10 percent more soap than methods they now use. Mr. Haugh sees India as a potential outlet for 25,000 tons or more of U.S. tallow annually, given the necessary technical assistance.

While in Turkey, he arranged for a U.S. tallow technician to visit local soap factories in the near future. The Turks now use olive oil for soap making, primarily because they lack technical know-how on using tallow.

Mr. Haugh said that in the highly developed countries, promotion of tallow in mixed feeds will continue to receive major emphasis. "The effectiveness of fats in feeds—an established fact in the United States—must be demonstrated in each country by using tallow with feed ingredients available, whether local or imported. If feed manufacturers buy the idea, they will also buy our tallow," he said.

According to Mr. Haugh, prospects are brightest for expanding tallow sales in Japan.

The Association's new market development program in Japan—under a director selected by Mr. Haugh during his trip—will put major emphasis on tallow in livestock rations, next on tallow in oleomargarine. Mr. Haugh noted that while the demand for margarine in Japan should increase along with incomes, the United States must supply a tallow of high quality to compete for this market.

Mr. Haugh reported that National Renderers' other overseas operations—in Rome and Barcelona—plan to expand their programs to include promotion in the Mideastern and Mediterranean countries. Also, a mobile unit for tallow promotion is under consideration to demonstrate tallow's advantages in feeds at European trade fairs and technical conferences.

In Switzerland, Mr. Haugh consulted with a group of feed manufacturers from eight European countries which jointly use research facilities at Geneva. As a result, the Association may begin feed trials using U.S. tallow in Switzerland next year.

Starts This Week

U.S. Agriculture Exhibition at Amsterdam

With the opening just 3 days away, here are the vital statistics on the U.S. Food and Agriculture Exhibition-Symposium:

Place—R.A.I. Exhibition Building, Amsterdam, the Netherlands.

Date—November 7 through 24.

Opening day speaker—Vice President Lyndon B. Johnson.

Exhibition highlights—20,000 square foot self-service market stocked with U.S. products, many new to Europe; food demonstrations; commercial displays of foods and equipment; Food-in-Space exhibit; Kiddie Kitchen; multi-vision motion picture; folk music festival; American-style barbecue patio; leather and cotton fashions.

Symposium—Eight sessions on agricultural trade, Nov. 11-15.

Food marketing seminar—An all-day program Nov. 16, 19, and 21.

CCC Credit Program Helps Move U.S. Sorghums Sales to Japan to New Highs

The Commodity Credit Corporation's Export Sales Credit Program is expected to give U.S. grain sorghum sales a boost toward the 1-million ton-goal U.S. sorghum exporters want to reach in fiscal 1964. This would move Japan into No. 1 spot as a world buyer of U.S. grain sorghums.

As a result of informal talks between Secretary of Agriculture Orville L. Freeman and the Japanese Minister of Agriculture and Forestry, Japan plans to buy 300,000 tons of U.S. grain sorghums in 1963-64 under this credit program, of which 170,000 tons were shipped out recently. Japan granted import allocations to eight Japanese firms with subsidiaries in the United States which act as U.S. exporters. To allow wider participation in the business, these subsidiary firms are using some non-Japanese U.S. exporters as agents.

One-fifth of last year's record U.S. sorghum exports to Japan of 566,000 tons—almost double those of the previous year—also moved under CCC credit arrangements. These allow payment on a deferred basis of up to 3 years at interest rates of 3½-4 percent.

Though Japan's long-range financial position appears to be strong, rapid industrialization has resulted in a current short-term shortage of working capital. Credit through the CCC, therefore, not only allows Japan to buy what it needs, but at the same time helps U.S. exporters enlarge a dollar market for sorghums.

This credit is particularly helpful to Japan's small feed compounders who lack the working capital necessary to import all the U.S. grain sorghums they want. Mounting per capita incomes—a result of industrialization—has upped the demand for livestock products and the livestock industry has expanded to meet it. Because of limited land resources, the Japanese must import feed to supply the rising feed demand. Feed imports will be even larger this year; poor growing conditions have reduced local output.

Grain sorghums figure importantly in the expansion of Japan's mixed feed industry. The market development program of the U.S. Feed Grains Council in cooperation with FAS has shown the Japanese—mainly through feed demonstrations and trials—that sorghums have about the same nutritional value as corn and are priced lower.

Partly because of this promotion program and desirable credit at low interest rates through the CCC, U.S. grain sorghums now hold—and may be expected to continue to hold—the major part of the Japanese market.

Films To Help Promote Farm Exports

Contracts have been signed with five of Western Europe's largest film libraries to distribute films on U.S. farm commodities as part of an FAS program to step up use of this important market development tool.

The increased distribution will put some 350 prints of eight films into circulation to motion picture theatres, television stations, industry and farm groups, schools, and government institutions.

Each library will get prints adapted to specific requirements on length, format, type, and language. About half the prints will be supplied almost immediately from existing stock; the rest are to be produced. Serving important dollar markets for U.S. exports, the libraries are: the Sofedi Library in Belgium, the Rank Film Library in the United Kingdom, the French Ministry of Agriculture Service Cinématographique in France, the American Film Library in the Netherlands, and the LFD Library in West Germany.

Future market development films produced for use in Europe will automatically be sent to these five libraries for distribution.

An eight-country survey last year had revealed that commercial film libraries offer an effective means of distributing market development films. Besides reaching large audiences, the libraries render special services, such as reporting the attendance at showings, regular issuing of catalogs which describe each film in detail, and inspection and maintenance of the release prints.

A market development survey will be conducted in early 1964 in the Far East and Asia to determine the potential distribution of U.S. agricultural films in these areas. Motion picture theatres in urban areas and foreign government film facilities may offer channels of distribution.

Title IV Regulations Set To Handle Private Trade

Recent revision of regulations governing credit sales under P.L. 480, Title IV gives the go-ahead to the private commercial sales authorized by last July's "Private Trade Amendment" to Title IV. The first agreements under the new Amendment are expected to be completed in 3 months.

The "Private Trade Amendment" to Title IV authorizes the Secretary of Agriculture to extend long-term, dollar credit to U.S. and foreign private trade entities for financing sales of certain U.S. agricultural commodities for export to friendly nations. Previously, P.L. 480 sales programs were limited to agreements with governments of friendly nations.

An important feature of the new regulations is the stipulation that private trade entities as well as foreign governments must ship at least half of the authorized commodities on privately owned U.S.-flag commercial vessels. The Commodity Credit Corporation will continue to finance freight on required U.S. vessels, but will absorb any difference which the CCC determines to exist between U.S. and foreign shipping rates.

The revised Title IV regulations and information may be obtained from: Office of the General Sales Manager, Foreign Agricultural Service, USDA, Washington D.C. 20250.

EEC Countries Subsidize Potatoes

The marketing of potatoes this year is being subsidized by the major potato producing countries in the EEC—Belgium, France, the Netherlands, and West Germany—which last year accounted for 92 percent of the Community's potato output. Presumably, these subsidies will greatly assist EEC potato exports to Latin American countries.

In the Netherlands, an export subsidy of 46 cents per hundredweight is in effect from October 14 to November 16 for the shipment of fall potatoes to non-EEC countries. Half of it is being financed by the Ministry of Agriculture and the other half by the Commodity Board for Potatoes.

The West German Government has granted subsidies totaling $8.1 million to the German potato industry. Export subsidies account for $625,000 of the total, and will be used to assist the export of table and seed potatoes to non-EEC countries. The remaining $7.5 million will be used to divert a maximum of 3 million metric tons of potatoes for drying and ensilage at the rate of about 11 cents per hundredweight.

The Belgian and French subsidies covered shipments earlier in the season and presumably have been discontinued—the Belgian payments as of mid-October and the French as of late July.

Fall Potato Crop in Western Europe

Early estimates of the 1963 fall potato crop in Western Europe indicate a 5- to 10-percent production increase over last year's below-average fall crop.

Total acreage is about the same as last year. In Belgium, France, Italy, the Netherlands, Norway, and the United Kingdom, plantings were slightly larger than a year ago; in West Germany, Ireland, and Sweden they were slightly smaller.

Yields are expected to be about average except in West Germany where they are expected to be about 7 percent more than last year and over 20 percent more than the 1958-62 average. The quality of this year's crop is reported to be good in most countries.

Western European Onion Crop

Preliminary estimates indicate the 1963 fall onion crop will be about 5 percent larger than a year ago in the main Western European producing countries—Spain, Italy, the Netherlands, and France. The quality is reportedly good except in France where it has suffered in some areas because of rainy conditions in August and September.

In Spain, the 1963 onion crop is estimated at 18.5 million cwt., which is 5½ percent higher than a year ago. Onions for storage are reportedly in good condition.

Italian onion production is expected to be the same as last year's—8.7 million cwt.

The 1963 open field onion crop in France is estimated at 4.0 million cwt., or about the same as a year ago.

The October 10th estimate of the Dutch onion crop grown from seed indicates the 1963 production will be 4.4 million cwt., or about 13 percent more than a year ago. Sizes are slightly smaller than normal, but quality is reportedly good.

German Grapefruit Quota

The EEC Commission has authorized the Federal Republic of Germany to increase the 1963 tariff quota for grapefruit. Germany will be permitted to add to the present 27,000-metric-ton allocation an additional 10,000 tons, at 5 percent ad valorem. (Normal duty is 7.1 percent ad valorem.)

The German Government is expected to take action on the new quota in the near future.

Spurt in Cashew Prices

Price of cashews, raw and processed, have increased substantially since October.

The price of Angoche raw nuts was around 700 rupees per long ton c.i.f. Cochin at the end of September, but is now 750 rupees after touching a price of 775 rupees during the first week of October. That of packed kernels for ready shipment at the close of last month was around 51 cents per pound c.&f. New York, but is now 54 cents per pound.

The supply of raw nuts last season (Oct.-Sept. 1962-63) was comfortable, and the new African crop is reported to be as large as that for last season. The reason for the spurt in prices appears to be the demand for processed nuts from overseas markets, which has shown a distinct improvement this year. About 1,800,000 cases (50 pounds, net) are said to have been exported January through September 1963. Total exports this marketing (calendar) year are expected to be not less than 2,300,000 cases, against 2,038,283 cases exported during the 1962 marketing year.

The demand for immediate shipment is said to be good from the overseas buyers, while forward bookings have taken place at 52 cents per pound c.&f. New York for December 1963 shipment, 50 cents for January to March shipment, and 49 cents for April to June 1964 shipments. The Indian trade expects the average export price next year to be around 48 cents per pound, however.

Argentine-U.K. Meat Quotas Set Up

The British Ministry of Agriculture, on October 9, announced that for the 6-month period, November through April, imports of Argentine chilled beef will be held between 80,000 and 89,000 tons while shipments of frozen beef will continue at an average rate of 2,000 tons per month. (A change from preliminary information reported in *Foreign Agriculture,* October 21, 1963).

To maintain price stability on the U.K. market, a joint working party of officials will space shipments, within this range, according to supplies in Argentina and the United Kingdom.

U.K. Lard Imports Up By Nearly 12 Percent

Imports of lard into the United Kingdom totaled 347 million pounds during the first 8 months of 1963, up about 12 percent from the same period last year.

The U.S. share of the market thus far in 1963 has been 85 percent of the total (296 million pounds), compared with 79 percent (246 million) for January-August 1962.

Imports from all other major suppliers, except West Germany and Sweden, were down—Poland by two-thirds and Belgium and the Netherlands by one-third; and France and Denmark supplied 12 and 14 percent less than in the 1962 period.

During the month of August, imports of lard totaled 50.6 million pounds, of which 47.0 million pounds were supplied by the United States.

LARD: U.K. IMPORTS BY COUNTRY OF ORIGIN, JANUARY-AUGUST 1962 AND 1963

Country of origin	Jan.-Aug. 1962		Jan.-Aug. 1963	
	Quantity	Percent of total	Quantity	Percent of total
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*
United States	245,544	78.9	295,796	85.3
France	16,784	5.4	14,739	4.3
Denmark	11,758	3.8	10,074	2.9
Belgium	12,360	4.0	8,416	2.4
Germany, West	4,735	1.5	7,655	2.2
Poland	11,760	3.8	3,360	1.0
Sweden	2,869	.9	3,290	.9
Netherlands	4,582	1.5	3,176	.9
Other countries	763	.2	435	.1
Total	311,155	100.0	346,941	100.0

Henry A. Lane & Co., Ltd.

Embargo on Meat From Denmark

In early October, both Sweden and Norway placed embargoes on Danish meat imports owing to the occurrence of foot-and-mouth disease in Denmark.

These restrictions have placed a strain on meat supplies in both Sweden and Norway, and additional purchases of meat will probably have to be made from areas free from foot-and-mouth disease. Imports consist mainly of pork but it is not likely that the United States can become a supplier because of its hog cholera situation.

Brazil Establishes Maximum Prices for Beef

Brazil recently established ceiling prices for slaughter cattle in the whole country and beef in the States of Guanabara, Rio de Janeiro, Sao Paulo and in the capital city of the State of Minas Gerais. These prices became effective on October 1, 1963, and will remain in force until December 15, 1963.

The maximum price for slaughter cattle at slaughterhouses was set at 4,200 cruzeiros per 15 kilos (21 cents per pound calculated at the government rate of exchange). Maximum prices were also set for sales of meat from slaughterhouses to retailers and from retailers to consumers.

To hold down the inflationary spiral and to conserve beef during the summer period of traditional short supply, the sale of beef is prohibited on Mondays and Tuesdays, and weekly slaughterhouse deliveries are cut back by one-third.

Australian Meat Shipments to U.S.

Four ships left Australia the third week of September and the first week of October with 14,956,480 pounds of beef, 835,520 of mutton, and 98,560 of variety meats for the United States.

Ship and sailing date	Destination [1]	Arrival date	Cargo	Quantity
	Western ports			*Pounds*
Oriana, Sept. 20	Los Angeles	Oct. 8	Beef	33,600
	Eastern and Gulf ports			
Port St. Lawrence, Oct. 1	Charleston	Oct. 30	Beef	470,400
	Norfolk	Nov. 1	Beef	418,880
			Mutton	33,600
	New York	5	Beef	4,793,600
			Mutton	179,200
			Var. meats	26,880
	Boston	11	Beef	1,111,040
			Mutton	71,680
			Var. meats	31,360
	Philadelphia	13	Beef	719,040
			Mutton	80,640
Lake Eyre, Oct. 4	New Orleans	Oct. 28	Beef	1,527,680
			Mutton	22,400
	Tampa	Nov. 1	Beef	519,680
			Mutton	60,480
			Var. meats	22,400
	Charleston	([2])	Beef	51,520
	Norfolk	([2])	Beef	11,200
	Philadelphia	Nov. 4	Beef	474,880
			Mutton	78,400
	New York	5	Beef	3,516,800
			Mutton	107,520
			Var. meats	11,200
	Boston	8	Beef	624,960
			Mutton	100,800
Pioneer Isle, Oct. 5	Charleston	5	Beef	67,200
			Mutton	33,600
	Boston	9	Beef	67,200
	New York	11	Beef	481,600
			Mutton	33,600
			Var. meats	6,720
	Philadelphia	13	Beef	33,600
			Mutton	33,600
	Baltimore	15	Beef	33,600

[1] Cities listed location of purchaser and usually the ports of arrival and general market area, but meat may be diverted to other areas for sale. [2] To be transshipped.

Record Gains for Australian Livestock

Australian livestock numbers, except hogs, continued the upward trend of recent years during 1962-63. On March 31 of this year there were 13.4 million head of beef cattle, 158.6 million sheep, and 1.4 million hogs in Australia. Both sheep and beef cattle numbers are at new record highs.

The volume of cattle slaughtered, at 5.9 million head, showed an increase of 800,000 over the previous year. This resulted in beef and veal production reaching 2,026 million pounds, an increase of 254 million pounds over 1961-62, and only 4.5 million pounds less than the record 2,030 million pounds set in 1958-59.

Exports of beef and veal reached a record 584 million

pounds valued at $178 million, of which 468 million pounds went to the United States. Canned meat production reflected this large volume of exports by falling from 127 million pounds in 1961-62 to 94 million pounds.

Mutton production, at 819 million pounds, closely approximated the level of the last 2 years but exports, at 137 million pounds, substantially exceeded the previous record of 109 million pounds in 1961-62.

Lamb production, at 512 million pounds, set a new record and was 22 million pounds above the 1961-62 volume. Exports, at 57 million pounds, showed an increase of 19 million pounds over the previous year.

Australia Estimates Smaller Wool Clip

The official Australian wool clip estimate for the 1962-63 season has been revised downward from earlier expectations to 1,663 million pounds, greasy basis. The record was 1,699 million pounds produced in 1961-62. Adverse seasonal conditions in various producing areas resulted in a lighter clip per head, despite a substantial increase in sheep numbers.

Total sheep numbers on March 31 of this year were a record 158.6 million head. As seasonal conditions have been quite good so far, a record clip of 1,738 million pounds is expected in 1963-64.

Japan was again the leading buyer of Australian wool in 1962-63, followed by the United Kingdom, France, Italy, and the United States.

Spain Imports More Tobacco

Spain's imports of unmanufactured tobacco during 1962 totaled 63.4 million pounds—up 3.6 percent from the 61.2 million imported in 1961. Larger imports from the Philippines, the Dominican Republic, Cuba, Paraguay, and Colombia more than offset reduced takings from the United States, Brazil, and the absence of recorded imports from Greece and Turkey.

TOBACCO, UNMANUFACTURED: SPAIN, IMPORTS BY COUNTRY OF ORIGIN, 1960-62

Origin	1960	1961	1962
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Philippines	16,710	21,676	26,447
Brazil	19,073	23,677	16,742
Dominican Republic	9,305	4,152	12,699
Cuba	5,160	3,799	4,071
Paraguay	1,375	1,494	1,774
Colombia	—	—	1,266
United States	13	4,702	388
Greece	286	1,240	—
Turkey	—	454	—
Others	451	—	—
Total	52,373	61,194	63,387

Estadistica del Exterior de España, 1962.

Imports from the Philippines rose from 21.7 million pounds in 1961 to 26.4 million in 1962. Takings from the Dominican Republic, at 12.7 million pounds, were slightly over three times larger than the 1961 level of 4.2 million. Imports last year from Cuba amounted to 4.1 million pounds; from Paraguay, 1.8 million; and from Colombia, 1.3 million. However, imports from Brazil dropped from 23.7 million pounds in 1961 to 16.7 million in 1962. Also, takings from the United States amounted to only 388,000 pounds, compared with 4.7 million in 1961.

Average prices paid to major suppliers in 1962, in terms of U.S. cents per pound, were as follows: the Philippines, 25.2 cents; Brazil, 31.2; the Dominican Republic, 26.7; Cuba, 61.4; Paraguay, 25.3; Colombia, 25.4; and the United States, 16.3. The average price paid from all sources was equivalent to 29.4 U.S. cents per pound.

Spain's imports of cigarettes last year (excluding shipments from the Canary Islands) totaled 2.9 million pounds, or about three times larger than the 1961 level of 1.0 million. Virtually all the imports came from the United States, along with a minor quantity from the United Kingdom.

Imports of cigars dropped from 371,000 pounds in 1961 to 153,000 in 1962. Stepped-up imports from Cuba did not offset the absence of imports from the United States. Takings from Cuba amounted to 154,000 pounds, compared with 23,000 pounds in 1961 and 107,000 pounds in 1960.

Portugal's Tobacco Imports Down

Portugal's imports of unmanufactured tobacco in the first half of 1963, at 6.3 million pounds, were a little under the 6.6 million imported in the first 6 months of 1962. Drops in purchases from the United States, Greece, and Angola more than offset larger takings from the Rhodesias-Nyasaland and Mozambique.

Imports of U.S. leaf, at 2.8 million pounds, were slightly below the 2.9 million for the first half of 1962. Purchases from Rhodesia totaled nearly 500,000 pounds—double the quantity imported in the first half of last year—and those from Mozambique totaled 1.3 million, compared with 900,000.

TOBACCO, UNMANUFACTURED: PORTUGAL, IMPORTS BY COUNTRY OF ORIGIN, JANUARY-JUNE, 1960-63

Origin	January-June			
	1960	1961	1962	1963
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
United States	2,930	2,866	2,867	2,819
Mozambique	379	492	935	1,250
Greece	761	694	745	650
Rhodesias-Nyasaland	168	218	234	480
Angola	247	428	829	385
Others	1,013	915	941	693
Total	5,498	5,613	6,551	6,277

Boletin Mensal, June 1963.

Vietnam's Cigarette Output Continues Upward

Cigarette output in South Vietnam continued upward through the first 6 months of 1963. It amounted to 2,488 million pieces, compared with 2,363 million in January-June 1962.

Production during calendar year 1962 totaled 4,421 million pieces, compared with 4,243 million in 1961 and 3,862 million in 1960.

Spain Announces Cotton Export Authorization

In mid-September the Government of Spain decreed that 12 percent of the 1963-64 production of American upland type cotton will be available for export. Normally, over 90 percent of the cotton grown in Spain is American upland type. The remainder is Egyptian type stapling about one and one-quarter to one and three-eights inches. All of the Egyptian type cotton will be consumed domestically and supported at the same level as in 1962-63.

Beginning this season, producers of upland cotton will receive a blended price, which is a composite of the support level for domestically consumed cotton and a lower level for exported cotton.

The following tabulation shows the producer support prices, in U.S. cents per pound, for cotton for domestic use, cotton for export, and the effective blended price based on 12 percent export.

Grade	Upland type			Egyptian type
	Domestic use	For export	Blended price	
1	38.55	26.76	37.13	47.07
2	35.16	24.48	33.88	41.40
3	29.49	20.40	28.40	28.92

The blended prices are only 3.7 percent below the support prices for cotton used for domestic purposes.

The 1963-64 cotton crop in Spain is currently expected to be about 10 to 15 percent smaller than the 510,000 bales grown last season but about 20 percent above average annual production of 362,000 bales during the past 5 seasons.

The decrease in production this season is attributed largely to a 20-percent decrease in acreage from the 855,000 acres in 1962-63. The acreage decline, largely on non-irrigated land, is attributed to unfavorable weather at planting time, lower prices paid to growers for cotton, and unusually high prices for pulses in 1962-63.

Norway's Trade in Butter Down

Norway exported only 4 million pounds of butter in the first 7 months of 1963—a decline of 18 percent from the corresponding period a year earlier. Smaller sales to the United Kingdom (2.4 million pounds compared with 2.8 million) and to West Germany (1 million compared with approximately 2 million) accounted for this decline. Shipments of some other dairy products were appreciably higher, particularly cheese, which rose to 17 million pounds from 10 million in the earlier year.

Big Increase in French Butter Exports

France's exports of butter in the first 7 months of 1963 of 39 million pounds were up by more than 23 percent over the comparable 1962 period.

Shipments to Italy rose from 1 million pounds to 8 million. The United Kingdom took 4 million pounds, Hungary 2 million, and Lebanon 1 million. West Germany and Algeria continued to be the most important markets although sales to these countries were smaller in this period. West Germany took 10 million pounds compared with 11 million in the earlier year, while Algeria took 9 million compared with 10 million.

Imports of butter rose from 1 million pounds to 7 million. Of this quantity, Denmark and the Netherlands supplied 3 million pounds each and Belgium, the remainder.

Philippine Desiccated Coconut Exports

Registered exports of desiccated coconut from the Philippine Republic in September totaled 8,174 short tons; in September 1962 they were 6,899 tons.

Exports during January-September 1963 amounted to 52,399 tons—an increase of 10 percent from the 47,616 exported in the first 9 months of 1962. Shipments to the United States were up 3 percent, and those to Canada, Western Europe, and Australia also increased.

DESICCATED COCONUT: PHILIPPINE EXPORTS JANUARY-SEPTEMBER WITH COMPARISONS

Destination	1962 [1]	January-September	
		1962	1963
North America:	*Short tons*	*Short tons*	*Short tons*
United States: [2]	57,123	40,942	42,157
Atlantic Coast	(41,490)	(29,661)	(29,862)
Pacific Coast	(9,902)	(6,828)	(8,283)
Canada	1,062	837	2,665
Total	58,185	41,779	44,822
South America	130	80	54
Europe:			
Denmark	320	240	555
Germany, West	1,674	1,569	2,371
Netherlands	363	264	530
Spain	203	148	145
United Kingdom	549	406	95
Other	[3] 889	[3] 296	710
Total	3,998	2,923	4,406
Africa	177	113	64
Asia	272	208	230
Oceania:			
Australia	2,762	2,160	2,680
New Zealand	391	353	143
Total	3,153	2,513	2,823
Grand total	65,915	47,616	52,399

[1] Preliminary. [2] Includes Gulf Coast, Great Lake ports, Hawaii, and Puerto Rico. [3] 25 tons to United Kingdom/Germany optional discharge.

Philippine Trade Sources.

Japan To Import More Chinese Soybeans

According to trade sources, Japan recently concluded an agreement with Communist China to purchase 250,000 metric tons (9.2 million bushels) of soybeans in 1964. The commitment was made by a Japanese trade mission which returned from Peking in September. (See *Foreign Agriculture,* September 16, 1963.) Trade sources report that an additional 50,000 metric tons (1.8 million bushels) of soybeans will be purchased by private (so-called friendly) firms designated by Communist China.

This is part of the 5-year agreement negotiated in Peking in November 1962 to import 700,000 metric tons (25.7 million bushels) of soybeans from Mainland China. (See *Foreign Crops and Markets,* Dec. 17, 1962.) Actual imports during 1963 are to be 150,000 metric tons (5.5 mil-

lion bushels) under the long-term arrangement. In addition, 70,000 metric tons (2.6 million bushels) of soybeans were purchased outside of the agreed quantity by private importers.

The larger quantity was agreed on for 1964 because of the soybean crushers' desire to use Chinese beans, which are reported to be of better quality than previously.

Danish Oilseed Production and Trade

Danish oilseed production in 1963 is estimated at about 48,000 short tons, down 37 percent from last year and slightly below production in 1961. Despite this decline, exports—largely rapeseed—are expected to increase, reflecting disposal of stocks. In January-July 1963, imports of oilseeds—largely soybeans from the United States—increased nearly 3 percent from the comparable period in 1962. Total oilseed imports in 1963 are expected to approximate the 500,000 tons imported in 1962.

DENMARK: OILSEEDS, AREA AND PRODUCTION 1961-63, IMPORTS AND EXPORTS JANUARY-JULY 1961-63

Item and year	Harvested area	Production	January-July Imports	January-July Exports
	Acres	*Short tons*	*Short tons*	*Short tons*
Rapeseed:				
1961	32,701	29,804	30	0
1962	63,717	57,430	20	100
1963	44,725	38,600	18	22,662
Mustardseed:				
1961	29,548	18,284	—	7,080
1962	37,218	17,675	10	5,164
1963	18,285	8,800	11	6,541
Flaxseed:				
1961	3,640	1,827	3,320	195
1962	1,584	748	1,587	11
1963	1,137	550	2,308	12

Compiled from official and other sources.

Production of rapeseed in 1963 declined sharply from last year's record, chiefly owing to the reduction that prolonged rainy weather and an abnormally late 1962 harvest caused in the area sown to winter rapeseed. Rapeseed prices received by producers, which dropped slightly after the record 1962 harvest, may also have discouraged some farmers from seeding winter rapeseed last fall. However, spring seedings this year rose sharply, thus offsetting the decline in part.

Production of mustardseed this year also showed significant declines from last year, reflecting low prices, large stocks, and a discouraging export situation. Flaxseed production continued to decline as the availability of lower priced sources of protein feed reduced the demand. No flaxseed is crushed in Denmark.

Danish exports of oilseeds in the first 7 months of 1963 totaled 29,215 short tons compared with 37,685 tons during the entire 1962 calendar year. This gain is due to the disposal of rapeseed stocks accumulated late last year; thus, total Danish oilseed exports in calendar 1963 are expected to increase despite the smaller harvest.

Danish oilseed imports totaled 271,120 short tons in the first 7 months of 1963—about 7,400 more than in the same period last year. Despite some decline in dairy cattle numbers, a strong demand for soybeans for crushing is expected to continue, reflecting increased use of soybean meal for feeding calves and hogs as well as firm export possibilities. Imports of copra and palm kernels were also up slightly from last year, while imports of peanuts declined.

DENMARK: OILSEED, IMPORTS, 1961 AND 1962 AND JANUARY-JULY 1962 AND 1963

Item	1961	1962 [1]	January-July 1962 [1]	January-July 1963 [1]
	Short tons	*Short tons*	*Short tons*	*Short tons*
Peanuts	3,094	4,367	3,552	2,957
Copra	46,750	39,876	18,522	21,120
Palm kernels	12,766	17,210	9,266	11,380
Soybeans [2]	332,810	412,529	220,220	226,425
Flaxseed	4,539	3,708	1,587	2,308
Other oilseeds	5,944	16,606	10,580	6,930
Total	405,903	494,296	263,729	271,120

[1] Preliminary. [2] One short ton = 33.33 bushels.
Compiled from official data.

Argentina's Edible Oil Supply Down

Argentina's edible vegetable oil supply during the 1963-64 season is now estimated at 283,000 metric tons, or one-fourth less than last year's high level and some 40,000 tons less than estimated early in the season (*Foreign Agriculture*, May 13, 1963). Carryin stocks on April 1, 1963, were almost 10,000 tons more than a year earlier, but production is almost 10,000 tons less, reflecting the sharply reduced sunflower and peanut harvests, 462,000 and 312,00 metric tons, respectively, early in 1963.

ARGENTINA: EDIBLE VEGETABLE OILS 1961-63 [1]

Item	1961	1962 [2]	1963 [3]
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
SUPPLY			
Stocks, Apr. 1	31.7	21.5	30.0
Production:			
Sunflower	154.6	210.2	135.0
Peanut	64.5	107.2	80.0
Cottonseed	17.6	16.8	20.0
Olive	3.6	7.2	10.0
Others [4]	7.9	8.3	8.0
Total production	248.3	349.7	253.0
Total supply	280.0	371.2	283.0
DISTRIBUTION			
Exports:			
Sunflower	30.1	12.3	3.0
Peanut	31.6	106.5	40.0
Cottonseed	2.5	13.2	10.0
Olive	.5	9.5	10.0
Others [4]	—	—	—
Total exports	64.7	141.5	63.0
Domestic disappearance	193.9	199.7	200.0
Stocks, Mar. 31	21.5	30.0	20.0
Total distribution	280.0	371.2	283.0

[1] Season beginning Apr. 1. [2] Partly estimated. [3] Estimated.
[4] Includes rape, grape, corn, and other vegetable oils.
Totals computed from unrounded figures.
Compiled from official and other sources.

Exportable supplies of edible oils in 1963-64 are estimated at only 63,000 tons, or less than one-half the tonnage exported in 1962-63. Exports during April-August 1963 were only 19,362 tons compared with 52,305 tons in the first 5 months of the 1962-63 season. Sunflowerseed oil shipments declined over 90 percent from last year, peanut

oil over 65 percent, cottonseed oil 33 percent, and olive oil 5 percent.

ARGENTINA: EDIBLE VEGETABLE OIL EXPORTS, 1962[1] AND APRIL-AUGUST 1962 AND 1963

Vegetable oil	1962	April-August 1962	April-August 1963	Percent decline
	Metric tons	*Metric tons*	*Metric tons*	*Percent*
Sunflowerseed	12,324	6,674	599	91
Peanut	106,520	39,212	12,889	67
Cottonseed	13,193	691	460	33
Olive	9,491	5,728	5,414	5
Others	—	—	—	—
Total	141,528	52,305	19,362	63

[1] Marketing year beginning Apr. 1.
Compiled from *Frutos del Pais.*

Israel's Peanut Production Increases

Israeli farmers increased their peanut plantings in 1963 to about 9,885 acres, following a decline from 10,380 acres in 1961 to 8,400 acres in 1962. Production this year is expected to approximate 16,535 short tons unshelled basis, compared with 13,670 in 1962 and 15,985 in 1961.

The renewed interest in peanut growing is largely due to an increase in the guaranteed minimum price to farmers from 620 Israeli pounds per metric ton (9.4 cents per lb., basis 50-percent export quality) in 1962 to £700 (10.6 cents) in 1963. A further incentive was the fact that growers actually realized an average of £680 (10.3 cents) from the 1962 crop.

Exports in the 11 months ending August 31, 1963 totaled 4,829 tons. The average price received for exports from the 1962 crop was about $340 per metric ton (15.4 cents per lb.) f.o.b. In response to the continued strong demand for Israeli peanuts on European markets, 6,600 short tons will be designated for export from the 1963 crop. Of this some 4,000 tons have already been contracted for shipment.

West Germany's Imports of Oilseeds, Oils

Imports of oil-bearing materials into West Germany during January-June 1963 were down 1 percent from the corresponding period in 1962. In the same period imports of fats and oils, as such, increased by one-sixth.

Major changes in the current year's imports of oil-bearing materials include sharp reductions in the quantities of peanuts and palm kernels from Nigeria. These declines were largely offset by increases in the quantities of rapeseed from Canada, Sweden, and Denmark; copra from the Philippines; and cottonseed from Sudan.

Soybean imports accounted for nearly two-thirds of Germany's imports of oil-bearing materials in the first half of 1963, slightly above those in the comparable period in 1962. Of Germany's total soybean imports through June of this year, quantities from the United States accounted for 512,455 metric tons (18.8 million bu.) or 97 percent of the total in 1963, against 486,083 metric tons (17.9 million bu.) or 93 percent of the total in 1962. In the same period, imports from Communist China—the second major supplier of soybeans—declined by more than two-thirds, to 11,432 tons.

Imports of fats and oils, as such, increased by nearly 46,000 tons. Increased quantities of peanut oil (largely from Argentina) and whale oil (largely from Japan and Norway) accounted for more than three-fourths of this gain. Slight declines occurred in imports of butter, largely reflecting reductions from New Zealand, and also in lard from West Europe, although there were sharply increased quantities from the United States.

WEST GERMAN IMPORTS OF SELECTED FATS, OILS, AND OIL-BEARING MATERIALS

Item	1961	1962	January-June 1962	January-June 1963
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
Cottonseed	956	23,296	1,265	11,917
Peanuts[1]	80,909	108,543	92,176	14,227
Soybeans	906,838	1,067,614	524,210	526,097
Sunflowerseed	22,941	20,634	8,413	11,045
Rapeseed	24,891	31,197	5,315	43,413
Copra	269,230	232,646	110,812	133,669
Palm kernels	127,782	124,091	52,403	43,745
Flaxseed	10,112	11,576	3,294	8,666
Castorbeans	22,480	26,678	12,379	10,367
Total	1,466,139	1,646,275	810,267	803,146
Cottonseed oil	73,625	44,582	30,118	32,628
Peanut oil	18,619	28,513	7,943	22,621
Soybean oil	11,632	1,593	589	2,260
Sunflowerseed oil	41,022	44,377	24,821	28,605
Coconut oil	36,687	33,410	16,922	14,582
Palm kernel oil	11,166	16,326	7,407	10,017
Palm oil	77,739	78,988	42,312	40,207
Linseed oil	81,664	80,405	34,576	35,677
Butter (82%)	23,019	30,166	11,987	10,338
Lard	23,007	22,326	10,366	9,359
Tallow	64,745	63,585	31,031	31,542
Whale and sperm oil	66,905	59,044	26,728	47,629
Fish oil[2]	63,379	64,816	29,980	35,104
Total	593,209	568,131	274,780	320,569

[1] Shelled basis. [2] Excludes liver oil.
Compiled from official sources.

Floods Delay Rice Planting in Brazil

Floods have delayed rice planting in Rio Grande do Sul, the only State of Brazil from which rice enters the export market.

Most of this year's rice area was flooded. Some of the land was ready for planting, while other areas had not been prepared. The floods, coming after a prolonged dought, have also caused severe soil erosion.

Colombia Planning To Export Rice

Colombia's Minister of Agriculture announced on October 17 that plans were being made to export rice during the next few months. Colombia will have a surplus of 40,000 metric tons of milled rice. When markets are secured, it will take about 5 months to move this rice into export position.

In order to sell rice on the international market, Colombia will subsidize exports. The f.a.s. Barranquilla price for polished Bluebonnet, with 25 percent broken kernels, is estimated at $165 per metric ton, or $15 higher than the world price for a similar quality. Most likely the Rice Federation or INA (Instituto Nacional de Abastecimiento) will finance the subsidy.

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Communist China's Food Situation

(Continued from page 4)

wiser and more conservative approach to the problem of agriculture. At the plenum of the eighth Party Central Committee in September 1962, the slogan adopted was "Agriculture as the foundation of the national economy and industry as the leading factor." Though the session was secret, subsequent actions and policy changes by the regime indicate that it is taking this slogan seriously.

The Third Plan (1963-67) apparently includes the modernization of agriculture through greater investment. Much of this investment is to be directed into industries such as chemicals, fertilizers, insecticides, and farm machinery.

The balancing act necessary to recover from the Great Leap (dissolving the communes, modifying agricultural investments, and similar emergency actions) seems to have upset the timetable for the socialization of agriculture. The official line at present is that mechanization must precede socialization.

During the current plan, economic gains will hinge primarily on the results obtained from agriculture and related industries. Past performance indicates that the land expansion programs and other projects depending on intensive labor use have not been successful. Land reclamation, water conservancy, mechanization, and fertilizer projects all require capital and equipment not now sufficiently plentiful on the Mainland. Other technical advances less costly in capital—mostly improvements in cultural practices—may be alternatives, but will need years of development.

The major question is whether the Communist regime can find capital enough to modernize agriculture and finance the supporting industries now undeveloped. Even if it can, it is doubtful whether agriculture's growth rate can exceed that of the population without some drastic population control measures.

On the experience of the Second 5-Year Plan, Mainland China's agriculture is still vulnerable to weather, and without a stable and substantial source of external aid, the program needed for agricultural recovery seems very likely to extend far beyond the current 5-year period.

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